

RECORDATION NO. 10795 Filed 1425

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Interstate Commerce Commission
Washington, D. C. INTERSTATE COMMERCE COMMISSION

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Gentlemen:

Enclosed for recordation under the provisions of 49 USC 11303(a), are the original and three counterparts of a Security Agreement dated as of September 5, 1979.

The general description of the railroad equipment covered by the enclosed document is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Debtor: Fremont & Western, Inc.
P. O. Box 80269
Lincoln, Nebraska 68501

Secured Party: Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

The undersigned is the Debtor mentioned in the enclosed document and has knowledge of the matters set forth therein.

Please return the original and two counterparts of the Security Agreement to David Tallant, Jr., Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

FREMONT & WESTERN, INC.

By

DEBTOR AS AFORESAID

Enclosures

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DESCRIPTION OF RAILROAD CARS

85 Center Flow Covered hopper cars, bearing reporting marks LGIX 375 to 459, both inclusive, manufactured by A.C.F. Industries, Inc., Shipper Car Line Division, to the following specifications:

1. 4650 cubic feet
2. 100 ton roller bearing trucks
3. Continuous hatches and gravity outlets

50 Center Flow Covered hopper cars, bearing reporting marks LGIX 1013 to 1062, both inclusive, manufactured by A.C.F. Industries, Inc., Shipper Car Line Division, to the following specifications:

1. 4650 cubic feet
2. 100 ton roller bearing trucks
3. 30 inch cylindrical hatches
4. Gravity-pneumatic outlets
5. Lined with a 2-coat 6 mil double cover polyclutch interior lining

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SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT dated as of September 5, 1979 (the "Security Agreement") from Fremont & Western, Inc., a Kansas corporation (the "Debtor"), whose post office address is P.O. Box 80269, Lincoln, Nebraska 68508 to Harris Trust and Savings Bank, an Illinois banking corporation, whose post office address is 111 West Monroe St., Chicago, Illinois 60690.

RECITALS:

A. The Debtor is the owner of the Railroad Hopper Cars described in Schedule 1 hereto (collectively, the "Equipment" and individually an "Item" or "Item of Equipment") manufactured by A.C.F. Industries, Shipper Car Line Division (the "Manufacturer"). The Equipment has been leased pursuant to the Railroad Equipment Lease dated as of August 24, 1979 (the "Lease") between the Debtor, as lessor, and Lincoln Grain, Inc., a Kansas corporation, as lessee (the "Lessee").

B. The Debtor is borrowing from the Secured Party in the principal amount of \$5,200,000 to finance the purchase of the Equipment, as evidenced by the secured note (the "Note") of the Debtor dated as of September 5, 1979, in the amount of \$5,200,000 expressed to mature in installments of principal and interest, payable quarterly, over a period ending not later than December 31, 1987, with a final installment of all unpaid principal and accrued interest payable on December 31, 1987.

C. The Note and all principal thereof and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Note or of this Security Agreement are hereinafter sometimes referred to as "indebtedness hereby secured".

D. All of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Note have been done and performed.

SECTION 1. GRANT OF SECURITY.

The Debtor, in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt of which is hereby acknowledged, and in order to secure the payment of the principal of

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and interest on the Note according to its tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Note and in this Security Agreement and in the Loan Agreement contained, does hereby convey, warrant, mortgage, assign, pledge and grant to, and create in favor of, the Secured Party, its successors in trust and assigns, a security interest in, all and singular, the properties, rights, interests and privileges described in Sections 1.1 and 1.2 hereof, and the proceeds thereof, such properties, rights, interests and privileges, and the proceeds thereof, being hereinafter collectively referred to as the "Collateral".

Section 1.1. Equipment Collateral. Collateral includes the equipment described in Schedule 1 attached hereto and made a part hereof (hereinafter referred to collectively as the "Equipment" and individually as "Item of Equipment") constituting Equipment leased and delivered under that certain Agreement and Lease dated as of August 24, 1979 (the "Lease") between the Debtor, as lessor, and Lincoln Grain, Inc., as lessee (the "Lessee"); together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and accessions and accumulations to any and all of said Equipment, together with all rents, issues, income, profits and avails therefrom.

Section 1.2. Rental Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor as lessor under the Lease, including, without limitation:

(1) the immediate and continuing right to receive and collect all Rent and Settlement Value (as each such term is defined in the Lease), insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the lessor under the Lease pursuant thereto,

(2) the right to make all waivers and agreements and to give and receive duplicate copies of all notices and other instruments or communications,

(3) the right to take such action upon the occurrence of an Event of Default under the Lease or an event which with the lapse of time or giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and

all other things whatsoever which the Debtor or any lessor is or may be entitled to do under the Lease, it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all Rent and Settlement Value and other sums for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

Section 1.3. Limitations to Security Interest. The security interest granted by this Section 1 is subject to (a) the right, title and interest of the Lessee under the Lease, and (b) the lien of current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith.

Section 1.4. Duration of Security Interest. The Secured Party, its successors in trust and assigns shall have and hold the Collateral forever; provided, always, however, that such security interest is hereby granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Note contained, then these presents and the estate hereby granted and conveyed and the security interest hereby created shall cease and this Security Agreement shall become null and void; otherwise to remain in full force and effect.

SECTION 2. COVENANTS AND WARRANTIES.

The Debtor covenants, warrants and agrees as follows:

Section 2.1. Warranty of Title. The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Parties for the uses and purposes herein set forth and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only the right, title and interest of the Lessee under the Lease and of persons claiming by, through or under the Lessee). The Debtor also agrees that it will, at its own cost and expense, promptly take such action as may be necessary to duly discharge any liens, charges or encumbrances on the Collateral, excepting always the lien, charges or encumbrances of the Lease and this Security Agreement and any and all liens, charges or encumbrances which the Lessee is obligated to satisfy and discharge under the Lease; and the Debtor further agrees to indemnify and hold harmless

the Secured Party from and against any cost or expenses (including legal fees and expenses) incurred, in each case, as a result of the imposition or enforcement of any such liens, charges or encumbrances.

Section 2.2. Further Assurances. The Debtor will at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. Without limiting the foregoing, but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of the assignment and direct the Lessee to make all payments of such assigned rents and other sums due and to become due under the Lease directly to the Secured Party or as the Secured Party may direct, provided that the Debtor shall collect such rents and other sums absent an Event of Default hereunder.

Section 2.3. After-Acquired Property. Any and all property described or referred to in Sections 1.1 and 1.2 hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party become and be subject to the lien of this Security Agreement as fully and completely as though specifically described herein, but nothing in this Section 2.3 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.2 hereof.

Section 2.4. Recordation and Filing. The Debtor will cause this Security Agreement and all supplements hereto, the Lease and all supplements thereto and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at its own expense in such manner and in such places as may be required by the Secured Party in order to preserve and protect the rights of the Secured Party hereunder and will, upon request of at no expense to the Secured Party, furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of each supplemental Security Agreement an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplemental Security Agreement, as the case may be, has been properly recorded or filed for record so as to make effective of record the lien intended to be created hereby.

Section 2.5. Modifications of the Lease. The Debtor will not:

(a) declare a default or exercise the remedies of the Lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease (except as otherwise provided herein) or by affirmative act consent to the creation or existence of any security interest

or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof; or

(b) receive or collect or permit the receipt or collection of any rental payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder) any rent payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Collateral or any part thereof or in any amount to be received by it from the use or disposition of the Collateral.

Section 2.6. Insurance of the Equipment. The Debtor shall at all times cause the Lessee to maintain, with respect to the Equipment insurance against such hazards and in such amounts as the Secured Party may, from time to time, require, provided that the amount of casualty insurance for the Equipment required by the Secured Party, shall not exceed the Settlement Value thereof.

Section 2.7. Power of Attorney in Respect of the Lease. The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution, for it and in its name, place and stead, upon the occurrence of any Event of Default hereunder, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Section 1.1 and Section 1.2 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor, or otherwise, which the Secured Party may deem necessary or appropriate to collect and all sums which may be or become due or payable under the Lease or which may be necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby. The Secured Party shall defend, indemnify and save harmless the Debtor, its successors, agents and assigns from and against any claim, cause or action, damage liability, cost or expense (including attorneys' fees and costs in connection therewith) incurred as a result of any action taken by the Secured Party under this Section 2.7 which constitutes negligence or willful misconduct.

Section 2.8. Maintenance of Corporate Existence. The Debtor will preserve and keep in full force and effect its corporate existence, rights and franchises and all licenses and permits necessary to the performance of its obligations hereunder.

Section 2.9. Restrictions on Mergers, Consolidations and Sales of Assets. The Debtor will not sell, lease or otherwise dispose of all or a substantial portion of its corporate property or assets to any person, firm or corporation or consolidate with or merge into any other corporation or permit another corporation to merge into it, without the prior written consent of the Secured Party, except that the Debtor may, from time to time, sell, lease or otherwise dispose of its corporate property or assets which are not Collateral under this Agreement, provided the Debtor retains the proceeds of such sale, lease or other disposition.

Section 2.10. Financial Reports. The Debtor will maintain a standard and modern system of accounting in accordance with sound accounting practice, and will furnish and cause the Lessee to furnish to the Secured Party and its duly authorized representatives such information respecting the business and financial position of the Debtor and/or the Lessee as may be reasonably requested, and without any request will furnish and cause the Lessee to furnish the Secured Party:

(a) as soon as available, and in any event within 75 days after the close of each quarterly fiscal period of the Debtor and of the Lessee (excluding the last such period in each fiscal year), a copy of its balance sheet, profit and loss statement and statement of changes in financial position certified by a responsible financial officer thereof; and

(b) as soon as available, and in any event within 120 days after the close of each fiscal year, a copy of its audit report for such year and accompanying financial statements, including balance sheet, profit and loss statement and statement of changes in financial position showing in comparative form the figures for the previous fiscal year, as prepared and certified by independent public accountants of recognized standing.

Section 2.11. Notice of Default. The Debtor further covenants and agrees that it will give the Secured Party prompt written notice of any event or condition constituting an event of default under the Lease if any officer of the Debtor has actual knowledge of such event or condition and is also aware, or should reasonably have been aware, that such event or condition constitutes such an event of default.

SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

Section 3.1. Possession and Use of Collateral. While the Debtor is not in default hereunder it shall be suffered and permitted to remain in full possession, enjoyment and control of the Collateral and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided always, that the possession, enjoyment, control and use of the Collateral shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

Section 3.2. Release of Property. So long as no default referred to in Section 12 of the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Item of Equipment designated by the Lessee for settlement pursuant to Section 9 of the Lease upon receipt from the Lessee of written notice designating the Item of Equipment in respect of which the Lease will terminate and the receipt from the Lessee of the Settlement Value payment for such Item of Equipment in compliance with Section 9, as the case may be, of the Lease.

Section 3.3. Release of Equipment. In addition to the sale, exchange or release pursuant to the foregoing Section 3.2, the Debtor may sell or otherwise dispose of any Equipment then subject to the lien of this Security Agreement, only to the extent and on the terms and upon compliance with the conditions provided for in any written consent of the Secured Party given thereto.

SECTION 4. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.

Section 4.1. Prepayments. Except to the extent provided for in this Section 4, the Note shall not be subject to prepayment in whole or in part at the option of the Debtor prior to the expressed maturity dates thereof.

Section 4.2. Required Prepayment. In addition to the installments coming due on the Note the Debtor will, on June 30, 1980, prepay and apply on the Note the amount of \$520,000.00 such prepayment to be applied solely to the principal of the Note so as to reduce the principal balance thereof, but no such prepayment shall reduce or otherwise extend the time of payment of the installments thereon except that the final unpaid principal balance shall be reduced by the amount of such prepayment.

Section 4.3. Voluntary Prepayments. The Debtor shall have the right, after December 31, 1979 to prepay the Note in whole, but only upon the following terms:

- a. from January 1, 1980 to January 1, 1983
only upon payment of an additional
amount equal to 6% of the amount prepaid;
- b. from January 1, 1983 to January 1, 1986
only upon payment of an additional amount
equal to 4% of the amount prepaid;

- c. from January 1, 1986 to January 1, 1988 only upon payment of an additional amount equal to 2% of the amount prepaid;
- d. from January 1, 1988 in the amount of the unpaid principal balance of the Loan to the date of prepayment.

In addition, the Debtor shall have the right on any payment date subsequent to January 1, 1983 to prepay the Note in part in an amount not to exceed \$75,000 for each quarterly payment period (in no event in an amount of less than \$10,000 with respect to each prepayment), but any amount not prepaid in one quarter shall not be carried over to any succeeding quarter.

Any such prepayment in whole or in part shall be payable only upon a scheduled quarterly payment date and shall require at least five bank business days' prior notice to the Secured Party and shall be accompanied by accrued and unpaid interest on the amount being prepaid to the date of prepayment. Any such prepayment in part shall be applied solely to principal in the manner set for the Required Prepayment under Section 4.2.

Section 4.4. Application of Rents and Other Payments by Lessee. As more fully set forth in Section 1.2 hereof, the Debtor has hereby granted to the Secured Party a security interest in rents and other sums due and to become due under the Lease in respect to the Equipment as security for the Note. The parties shall collect such rents and other sums to be applied as set forth below.

(a) Rental. The amounts from time to time received by the Secured Party which constitute payment of installments of Rent under the Lease shall be applied first, to the payment of unpaid interest on the Note which has accrued to the date of such application, and the remainder shall be applied to the payment of principal on the Note.

(b) Settlement Value. The amounts from time to time received by the Debtor or the Secured Party which constitute settlement by the Lessee of the "Settlement Value" for an Item of Equipment pursuant to Section 9 of the Lease shall be paid and applied on the Note solely to the principal of the Note so as to reduce the principal balance thereof, but no such payment shall reduce or otherwise extend the time of payment of the installments thereon except that the final unpaid principal balance shall be reduced by the amount of such payment

(c) Insurance. The amounts received by the Debtor or the Secured Party from time to time which constitute proceeds of casualty insurance maintained by the Lessee in respect of the Equipment, shall be held by or for the account of the Secured Party as a part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(i) So long as no event of default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if the Equipment is to be repaired, be released to the Debtor to reimburse the Lessee for expenditures made for such repair upon receipt by the Secured Party of satisfactory proof that any damage to any Item of Equipment with respect to which such proceeds were paid has been fully repaired as required by Section 9 of the Lease; and

(ii) If the insurance proceeds shall not have been released to the Debtor pursuant to the preceding paragraph (i) within 180 days from such receipt thereof, or if within such period the Lessee shall have notified the Secured Party in writing that the Lease is to be terminated in accordance with the provisions of Section 9 of the Lease, then, so long as no event of default hereunder has occurred and is continuing to the knowledge of the Secured Party, the insurance proceeds shall be applied by the Secured Party as follows:

(A) First, to the prepayment of the Note all in the manner and to the extent provided for by Section 4.4(b) hereof; and

(B) Second, the balance, if any, of such insurance proceeds after making the applications provided for by the preceding subparagraph (A) shall be released to or upon the order of the Debtor.

Section 4.5. Default. Notwithstanding anything else in this Section contained, if an event of default referred to in Section 5 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 1.2 hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral .

SECTION 5. DEFAULTS AND OTHER PROVISIONS.

Section 5.1. Events of Default. The term "event of default" for all purposes of this Security Agreement shall mean any one or more of the following which shall occur and be continuing::

(a) Default in the payment of any installment of the principal of, or interest on, the Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise; or

(b) Default in the due observance or performance by the Debtor of any other covenant, condition or agreement required to be observed or performed by the Debtor by the terms of the Note or this Security Agreement and such default shall continue for ten days after notice thereof from the Secured Party to the Debtor; or

(c) An event of default as set forth in Section 12 of the Lease; or

(d) Any representation or warranty made herein or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Lease, or the transactions contemplated therein shall prove to be false or misleading in any material respect as of the date of the issuance or making thereof and shall not be made good within 30 days after notice thereof from the Secured Party to the Debtor; or

(e) Any claim, lien or charge shall be asserted against or levied or imposed upon the Equipment which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed within 30 calendar days after written notice from the Secured Party to the Debtor and the Lessee demanding the discharge or removal thereof; or

(f) The Debtor shall (i) make an assignment for the benefit of its creditors, (ii) admit in writing its inability to pay its debts generally as they become due, (iii) file a petition to take advantage of any applicable insolvency or reorganization statute, (iv) suspend payment of its obligations, (v) become insolvent, (vi) consent to the appointment of any receiver, conservator, liquidating agent or committee or governmental authority in any insolvency, readjustment of debt, marshalling of assets or liabilities or similar proceedings of or relating to the Debtor or of or relating to all or any substantial part of its property, or (vii) take any corporate action for the purpose of effecting any of the foregoing; or

(g) An order, judgment or decree of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets or liabilities or similar proceedings of or relating to the Debtor or relating to all or any substantial part of its property, or the winding-up or liquidation of its affairs, shall have been entered without the consent of the Debtor, and such decree or order shall have remained in force undischarged or unstayed for a period of 60 days from the date of entry thereof.

Section 5.2 Secured Party's Rights. The Debtor agrees that when any "event of default" as defined in Section 5.1 has occurred and is continuing, the Secured Party shall have the rights, options, duties and remedies of a secured party and the Debtor shall have the duties of a debtor under the Uniform Commercial Code of Illinois (regardless of whether such code or a law similar thereto has been enacted in the jurisdiction wherein the rights or remedies are asserted), and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Secured Party may, by notice in writing to the Debtor, declare the entire unpaid balance of the Note to be immediately due and payable; and thereupon such unpaid balance, together with all accrued interest thereon shall be and become immediately due and payable;

(b) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the same, or use and operate the same until sold;

(c) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least 10 days prior to the date of such sale, sell and dispose of said Collateral, or any part thereof, at a public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice; and the Secured Party may bid and become the purchaser at any such sale;

(d) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may proceed to protect and enforce this Security Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the recovery of judgment for the indebtedness hereby secured, or for the enforcement of any other proper legal or equitable remedy available under applicable law; and

(e) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may proceed

to exercise all rights, privileges and remedies of the Lessor under the Lease, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

Section 5.3. Acceleration Clause. In case of any sale of the Collateral, or any part thereof, pursuant to any judgment or decree of any court, or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Note if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Note and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Note including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

Section 5.4. Waiver by Debtor and Effect of Sale. The Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and the Debtor hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof, subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

Section 5.5. Effect of Sale. Any such sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

Section 5.6. Application of Sale Proceeds. The proceeds and/or avails of any such sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and the reasonable compensation of the agents, attorneys and the counsel of the Secured Party and of all proper expenses, liability and advances incurred or made hereunder by the Secured Party, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which sale may have been made;

(b) Second, to the payment to the Secured Party of the amount then owing or unpaid on the Note for principal and interest;

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 5.7. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor or the Secured Party shall be restored to their former position and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

Section 5.8. Cumulative Remedies. No delay or omission of the Secured Party, to exercise any right or power arising from any

default on the part of the Debtor shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom, except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guarantee for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security interest created hereby or any rights, powers or remedies hereunder; nor shall the Secured Party be required to first look to, enforce or exhaust such other or additional security, collateral or guarantees.

SECTION 6. MISCELLANEOUS.

Section 6.1. Successors and Assigns. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party' and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 6.2. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

Section 6.3. Communications. All communications provided for herein shall be in writing and, shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Debtor:

Fremont & Western, Inc.
P.O. Box 80269
Lincoln, Nebraska 68508

Attention: Bill Macy

If to the Secured Party:

Harris Trust and Savings Bank
111 West Monroe St.
Chicago, Illinois 60690

Attention: G. D. Clark

Section 6.4. Release. The Secured Party shall release this Security Agreement and the lien hereof by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

Section 6.5. Governing Law. The Security Agreement and the Notes shall be construed in accordance with and governed by the laws of Illinois; provided, however, that the Secured Party shall be entitled to all the rights conferred by any applicable Federal statute, rule or regulation.

Section 6.6. Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

Section 6.7. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

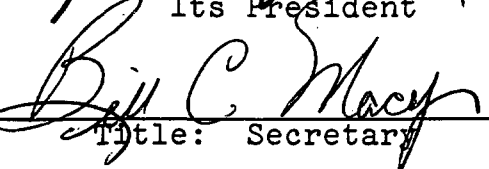
IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be executed and its corporate seal to be hereunto affixed, and to be attested all as of the day and year first above written.

FREMONT & WESTERN, INC.

By


Its President

By


Title: Secretary

COPY

DESCRIPTION OF RAILROAD CARS

85 Center Flow Covered hopper cars, bearing reporting marks LGIX 375 to 459, both inclusive, manufactured by A.C.F. Industries, Inc., Shipper Car Line Division, to the following specifications:

1. 4650 cubic feet
2. 100 ton roller bearing trucks
3. Continuous hatches and gravity outlets

50 Center Flow Covered hopper cars, bearing reporting marks LGIX 1013 to 1062, both inclusive, manufactured by A.C.F. Industries, Inc., Shipper Car Line Division, to the following specifications:

1. 4650 cubic feet
2. 100 ton roller bearing trucks
3. 30 inch cylindrical hatches
4. Gravity-pneumatic outlets
5. Lined with a 2-coat 6 mil double cover polyclutch interior lining

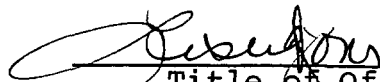
ACKNOWLEDGMENT

State of Illinois

County of Cook, ss:

On this 5th day of September, 1979, before me personally appeared Robert S. Cortmill, to me personally known, who being by me duly sworn, says that he is the President of Fremont & Western, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]



Title of Officer

My commission expires

NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXPIRES OCT. 7 1980
ISSUED THRU ILLINOIS NOTARY ASSOC.